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EXTERNAL DEBT CRISIS AND DEVELOPMENT

Pakistan*: draft resolution

Enhanced international cooperation towards a durable solution to the external debt crisis of developing countries

The General Assembly,

Reaffirming its resolutions 41/202 of 8 December 1986, 42/198 of 11 December 1987, 43/198 of 20 December 1988, 44/205 of 22 December 1989, 45/214 of 21 December 1990 and 46/148 of 18 December 1991,

Reaffirming also the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, contained in the annex to its resolution S-18/3 of 1 May 1990, the International Development Strategy for the Fourth United Nations Development Decade, contained in the annex to its resolution 45/199 of 21 December 1990, the United Nations New Agenda for the Development of Africa in the 1990s, contained in the annex to its resolution 46/151 of 8 December 1991, the Programme of Action for the Least Developed Countries for the 1990s, adopted by the Second United Nations Conference on the Least Developed Countries 1/ and the provisions for a durable solution to the

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* On behalf of the States Members of the United Nations that are members of the Group of 77.

1/ See Report of the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990 (A/CONF/147/18), part one.

external debt crisis, contained in the relevant chapters of Agenda 21, adopted by the United Nations Conference on Environment and Development, held in Rio de Janeiro, Brazil, from 3 to 14 June 1992, 2/

Noting the uneven developments towards the solution of the external debt problem of developing countries,

Noting also that only indebted developing countries have regained relative access to international financial markets but that, even for these countries borrowing entails high costs, including high interest premiums,

Noting with concern the continuing debt and debt-service problems of the middle-income developing countries, which adversely affect their development efforts and economic growth, and reiterating the need to address the continuing debt problem of those countries through effective debt-relief measures, bearing in mind, in this context, the lack of adequate debt-relief measures, in particular for the middle-income African countries,

Noting also with concern the continuing existence of the heavy debt and debt-service burden of low-income countries, despite current measures,

Noting further the recent initiatives towards the solution of the debt problem of developing countries, especially the adoption by the Paris Club of the enhanced Toronto terms and the conclusion of several agreements on commercial debt and debt-service reduction,

Noting the substantial debt relief and debt reduction agreed to by the Paris Club in favour of two middle-income countries and recognizing the need to extend similar debt reduction to low-income and other middle-income countries,

Stressing, however, that the impact of the debt-relief measures may be temporary in the absence of a supportive international economic environment, including an open and transparent multilateral trading system,

Recognizing the continued efforts of debtor developing countries to implement stabilization and structural adjustment programmes to raise savings and investment, reduce inflation and improve economic efficiency, taking into account the vulnerability of the poorer strata of their populations,

Expressing its concern that, in many developing countries, the burden of debt and debt service constitutes one of the major obstacles to the revitalization of growth and development, despite the often strenuous economic reforms of those countries,

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2/ See A/CONF.151/26 (vols. I, II and Corr.1, and III).

Noting that the close association between the debt crisis and virtual economic stagnation in the majority of developing countries calls for additional measures to ensure that all developing countries can rapidly reach a durable solution to their external debt problem,

Noting also that developing countries have continued to meet their international debt and debt-service obligations in a timely fashion, despite severe external financial constraints and at the great cost of adequate basic services to their peoples,

1. Takes note of the report of the Secretary-General concerning the external debt crisis and development; 3/

2. Welcomes the conclusion of several arrangements on debt and debt-service reduction and the call made at the Munich Economic Summit by the seven major industrialized nations for debt-relief measures in favour of the lower-middle-income severely indebted countries; 4/

3. Also welcomes the write-off of part of the bilateral official debt by certain donors to the least developed countries, and calls for further significant action, in particular the need for sustained and comprehensive action to deal with the external indebtedness of those countries;

4. Expresses its appreciation for the recent measures announced by the Government of France to address the debt problem of some middle-income African developing countries, encourages their application and invites all creditors to take similar measures for all debtor developing countries;

5. Notes with concern the accumulation of arrears towards the multilateral financial institutions, as well as the absence of any formal mechanism to restructure the multilateral debt of the developing countries;

6. Stresses that the tax, regulatory and accounting practices in the industrialized countries continue to pose unnecessary obstacles to the access of debtor countries to new loans and continue to increase unduly the cost of those loans;

7. Also stresses the need for additional debt-relief measures, including further cancellation or reduction of debt and debt service related to official and commercial debts;

8. Further stresses the need for the broadest and most expeditious implementation of the recent initiatives in debt and debt-service reduction and the need to build upon them;

3/ A/47/396.

4/ See A/47/375-S/24429.

9. Stresses the need to strengthen and broaden the debt-relief approaches to cover all types of debt and debtor countries and to include anticipatory measures to prevent the proliferation of the debt problem;

10. Recognizes the need for international support for the efforts of debtor developing countries to continue to provide adequate social safety nets to vulnerable groups most adversely affected by the implementation of ecnomic reform programmes in the debtor couhntries;

11. Emphasizes the importance of international community support to developing countries in their efforts to achieve economic reform in order to raise savings and investment, reduce inflation and improve economic efficiency, taking into account the vulnerability of the poorer strata of their populations;

12. Recognizes the need of debtor developing countries for a supportive international economic environment as regards, inter alia, terms of trade, commodity prices, improved market access and trade practices and, in this connection, stresses the urgent need for a balanced and successful outcome of the Uruguay Round of multilateral trade negotiations, which would result in the liberalization and expansion of world trade to the benefit of all countries, in particular the developing countries;

13. Reiterates the need for a coordinated approach involving debtor developing countries, creditor developed countries, commercial banks and multilateral financial institutions, with a view to reducing the debt and debt service of developing countries far beyond the scope of the current terms, which would allow recovery, growth and development in developing countries;

14. Emphasizes the need to provide substantial concessional and non-debt resources to developing countries, with a view to promoting the revival of their economic growth and sustained development;

15. Calls upon creditor Governments and multilateral financial institutions to take duly into account that while debt-relief measures are needed to reduce the debt burden, fresh financial resources are also needed to increase the rate of investment and to accelerate the economic growth of developing countries;

16. Urges the international community to consider wider application of innovative measures, such as debt-for-equity swaps, debt swaps for the protection of nature and debt-for-development swaps;

17. Stresses the need for sustained action in addressing the debt problem of low-income countries and, in this regard, calls for early, expeditious and wide implementation of the enhanced Toronto terms, as well as for their urgent improvement, in order to address fully the continuing debt problem of those countries;

18. Calls upon creditors to renew and expand initiatives and efforts in order to tackle the problems of the increasing commercial debt burden of low- and middle-income countries;

19. Urges countries that have not yet responded to Trade and Development Board resolution 165 (S-IX) of 11 March 1978 5/ by cancelling or providing equivalent relief for the official development assistance debt of the least developed countries, to do so on a priority basis;

20. Urges creditor countries, private banks and multilateral financial institutions to consider the extension of new financial support to developing countries that have substantial debt burdens and that continue to service their debt and meet their international obligations;

21. Requests the Secretary-General to report to the General Assembly at its forty-eighth session on the implementation of the present resolution.

5/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol I and corrigendum, annex I.